

New Products



Old Tricks The Problem



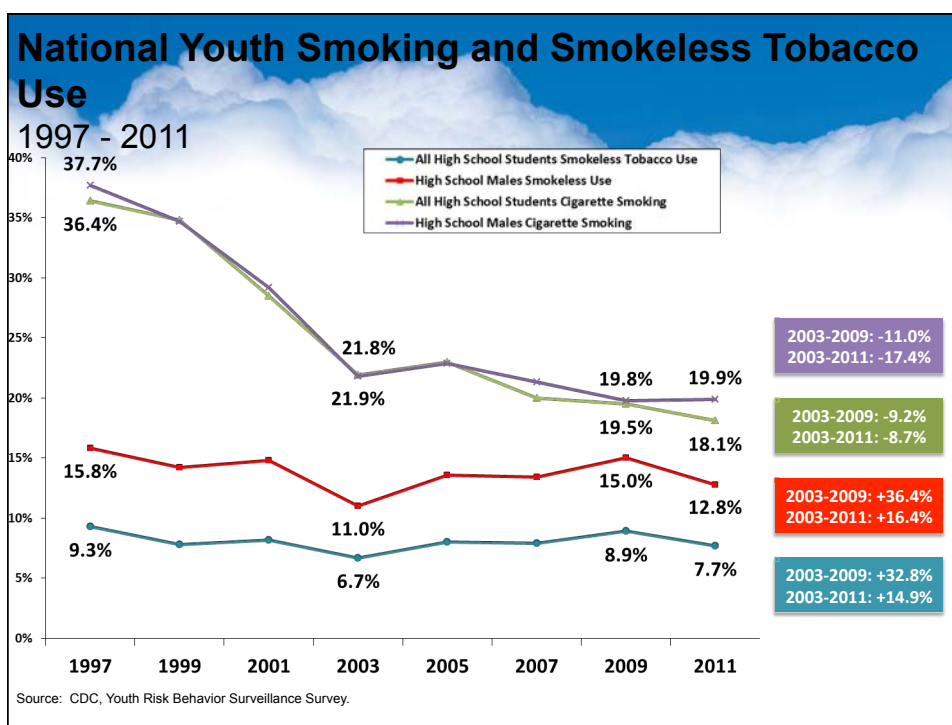
What's the Problem with New Products?

New tobacco products are designed to:

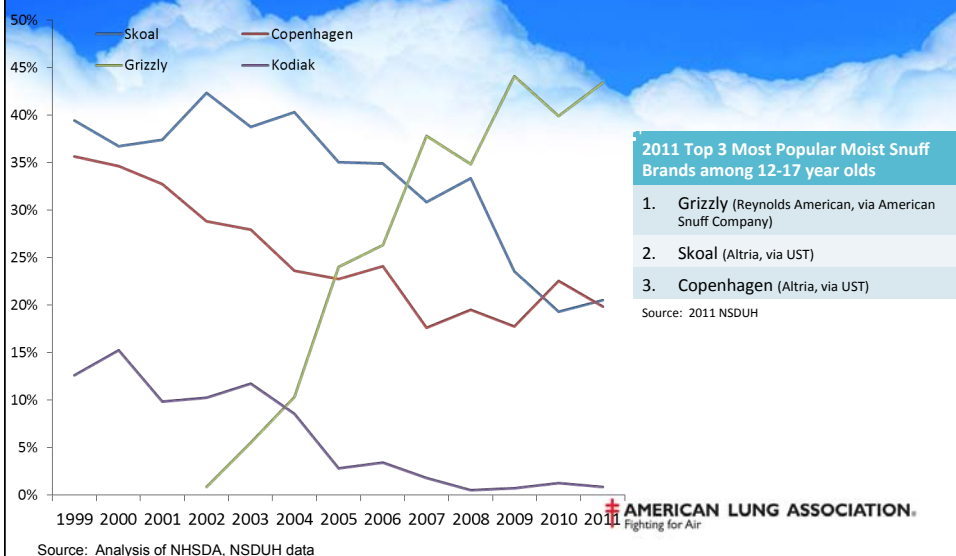
- Draw in new and youth users
- Keep smokers smoking
- Circumvent regulations and taxation

Increased youth smokeless tobacco use

TOLL OF OTHER TOBACCO USE



Most popular snuff brands among 12-17 year olds 1999-2011



Health Harms of Other Tobacco Use

Smokeless Tobacco

- Cancer, including oral cancer and pancreatic cancer
- Gum disease
- Nicotine addiction

It [smokeless tobacco] is not a safe substitute for smoking cigarettes.

-- U.S. Surgeon General, 1986

Cigar Use

- Cancer of the oral cavity, larynx, esophagus and lung



Brand development, Acquisitions Over Time

WHERE IS THE INDUSTRY HEADED?

Companies under  in 1989



MILLER BREWING CO.
SINCE 1855
MILWAUKEE, WIS. USA

Companies under in 2013



an Altria Company



an Altria Company



an Altria Company



an Altria Company



(28.5% economic interest)



an Altria Company







Tobacco Brands in 2013







































Non-Tobacco Products

TORMARESCA

LA BRACCESCA

MONTENISA

VIÑA HARAS DE PIQUE

Chateau Ste Michelle

SOLARE

SPINNA VALLEY VINEYARD

STIMSON ESTATE CELLARS

Conn Creek

SANTA CRISTINA

COLUMBIA CREST

14 HANDS

Domaine Ste Michelle

Antica

ANTINORI

HAWK CREST

VILLA MT EDEN

SNOQUAIME

NORTHSTAR

RED DIAMOND

ERATH

SEAG'S LEAF WINE CELLARS

Companies under RJR Nabisco in 1989



Companies under RAI in 2013



(formerly Conwood Company)



B&W no longer exists as a separate company.
Brands are now part of RJR.



Nabisco is now owned by Kraft





NEW KIDS ON THE BLOCK

Flavored Blunt Wraps



High School Student describing using Camel Snus:

“It’s easy, it’s super-discreet...and none of the teachers will ever know what I’m doing.”



Kansas City Star, October 31, 2009

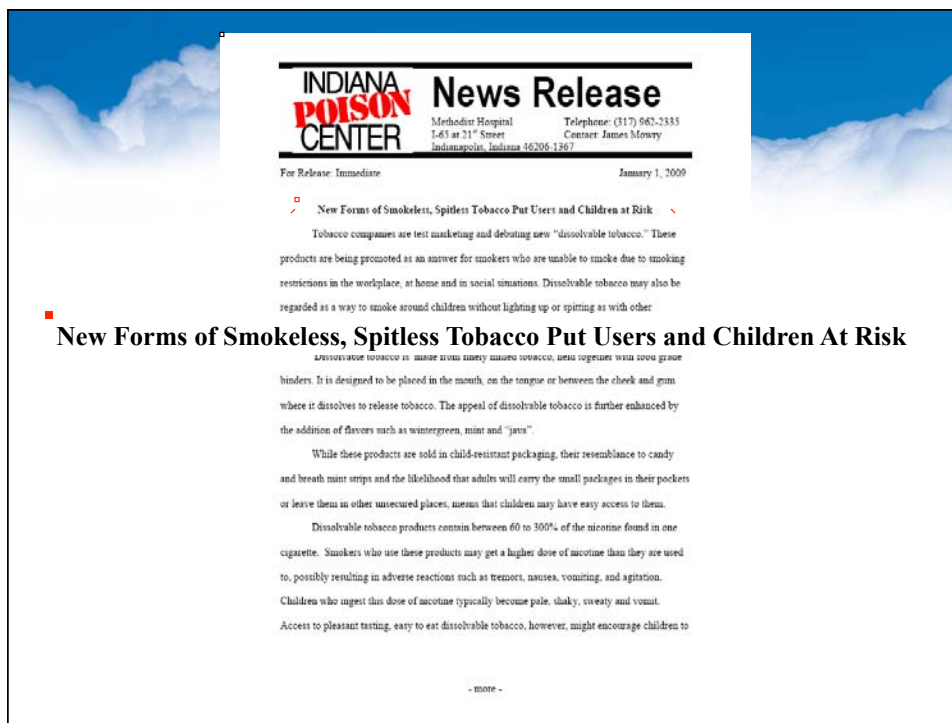
R.J. Reynolds’ Camel Dissolvables



Redesigned the pack to be LESS child-resistant and re-released products in two new test markets, Denver and Charlotte, beginning March 2011.

Original packs test-marketed in Columbus, OH, Portland, OR, and Indianapolis, IN starting in January 2009.





INDIANA POISON CENTER **News Release**
 Methodist Hospital Telephone: (317) 962-2333
 1465 W 21st Street Center: James Mowry
 Indianapolis, Indiana 46206-1367

For Release: Immediate January 1, 2009

■ New Forms of Smokeless, Spitless Tobacco Put Users and Children at Risk

Tobacco companies are test marketing and debuting new "dissolvable tobacco." These products are being promoted as an answer for smokers who are unable to smoke due to smoking restrictions in the workplace, at home and in social situations. Dissolvable tobacco may also be regarded as a way to smoke around children without lighting up or spitting as with other

■ New Forms of Smokeless, Spitless Tobacco Put Users and Children At Risk

Dissolvable tobacco is made from finely ground tobacco, which is then pressed into a form that dissolves in the mouth. It is designed to be placed in the mouth, on the tongue or between the cheek and gum where it dissolves to release tobacco. The appeal of dissolvable tobacco is further enhanced by the addition of flavors such as wintergreen, mint and "java".

While these products are sold in child-resistant packaging, their resemblance to candy and breath mint strips and the likelihood that adults will carry the small packages in their pockets or leave them in other unsecured places, means that children may have easy access to them.

Dissolvable tobacco products contain between 60 to 100% of the nicotine found in one cigarette. Smokers who use these products may get a higher dose of nicotine than they are used to, possibly resulting in adverse reactions such as tremors, nausea, vomiting, and agitation. Children who ingest this dose of nicotine typically become pale, shaky, sweaty and vomit. Access to pleasant tasting, easy to eat dissolvable tobacco, however, might encourage children to

- more -

R.J. Reynolds scales back marketing of dissolvable tobacco products

Winston-Salem Journal

By Richard Craver

July 31, 2013

After spending more than 4 1/2 years in five test markets, including Charlotte, R.J. Reynolds Tobacco Co. has struggled to gain consumer traction for its trio of dissolvable tobacco products.

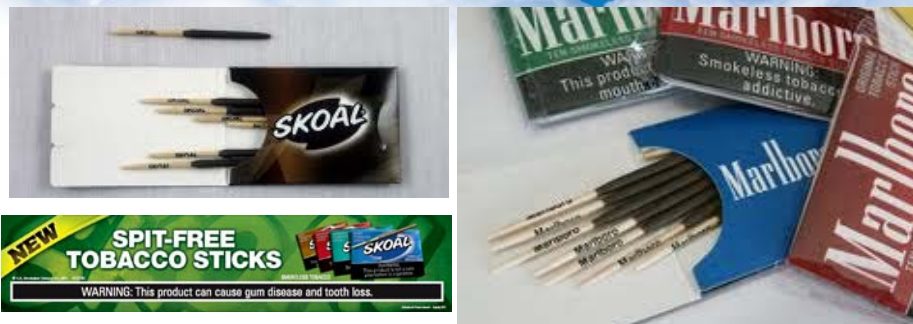
It has struggled to the extent that it is limiting future marketing of the products: a pellet (Camel Orbs), a twisted stick the size of a toothpick (Camel Sticks) and a film strip for the tongue (Camel Strips).

The goal has been making its tobacco products more accessible within a society that's clamping down on smoking. Reynolds began testing the dissolvable products in early 2009.

"At this time there are no plans for any marketing beyond these channels," Smith said.

"We've found in our conversations with adult tobacco consumers that while there's strong interest in the category, a different product form may present a better option over the long term."

Philip Morris USA's Marlboro & Skoal Sticks



Four flavors being test-marketed in select Kansas stores since March 2011. Marlboro Sticks are being placed with cigarettes and Skoal Sticks are being placed with smokeless tobacco products.

Resemblance to:



KDHE News Release

Curtis State Office Building
1000 SW Jackson St., Suite 540
Topeka, KS 66612-1510

Robert Moser, MD, Secretary

For Immediate Release
May 26, 2011

Kansas
Department of Health & Environment

Phone: 785-296-7000
Fax: 785-296-7001
www.kdhe.ks.gov

Sam Brownback, Gov.

Jonathan Laramie, 785-296-7000

World No Tobacco Day
Kansas Test Market for New Tobacco Product

Tobacco – Tuesday, May 31 is World No Tobacco Day, a day to consider the dangers of tobacco products and an opportunity to share with Kansans that the tobacco industry has introduced a new product that comes with some of the same health risks as other tobacco products. The Kansas Department of Health and Environment (KDHE) wants Kansans to know that the state is currently a test market for tobacco sticks and the potential dangers of this new product.

The tobacco sticks, sold under the popular brands Marlboro and Skoal, are sold in matchbook-size packages and look like chocolate-covered toothpicks. According to one tester, the products not only look like candy, they also taste like candy. The tobacco sticks have been seen at convenience stores across the state. Kansas is one of only three states where tobacco sticks are currently being test marketed.

“As the state’s health agency, KDHE is particularly concerned about the potential appeal of these new tobacco sticks to youth,” KDHE Secretary Dr. Robert Moser said. “The packages are so small that they could easily be concealed in a shirt or pants pocket and youth could use tobacco sticks in front of parents or teachers while appearing to have a simple toothpick in their mouth. We are also concerned about the risk of young children accidentally ingesting these products.”

The possibility that adults will carry the small packages in their pockets or leave them in other unsecured places means that young children may have easy access to tobacco sticks. As with any tobacco product, there is a risk that a young child may ingest a lethal amount of nicotine. The estimated nicotine content of a single stick of Marlboro is 1 mg of nicotine per 5.2 pounds of body weight. Ingestion of as little as 1 mg of nicotine by a small child can produce symptoms such as nausea and vomiting. While nicotine content of Marlboro and Skoal tobacco sticks has not been tested, a study in *Pediatrics* found that a single product Camel Sticks had 3.1 mg of nicotine per stick.

We protect lives, injuries and foster a safe and sustainable environment for the people of Kansas.

[Back to KDHE News Release Index](#)

Kansas.gov | Privacy Notice | About KDHE | Contact Us | Directions | Open Records | WebMail | Webmaster
© 1995-2012 Kansas Department of Health and Environment
Curtis State Office Building, 1000 SW Jackson, Topeka, Kansas 66612

United States (moist snuff and snus) – “General”

Swedish Match is the third biggest producer of moist snuff in the US with 10% of the market share in January 2012, compared with market leader Altria (56.6%) and RJ Reynolds which holds 32.2%.

Sales of Swedish snus in the US is relatively insignificant, Swedish Match is reportedly increasing its marketing effort to grow these sales, with General snus available in 3,500 stores across the US in 2011.

Where to find?
General Snus “App”



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Retail Loopholes



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Hookah Vaporizing



“...the use of smokeless tobacco products is not a safe alternative to smoking, nor is there evidence to suggest that it is effective in helping smokers quit.”

-- U.S. Public Health Service Clinical Practice Guidelines, 2008

KEEPING SMOKERS SMOKING

New smokeless, spit-less products

Philip Morris USA's Marlboro Snus



The **FOILPACK**

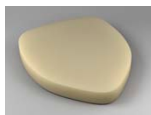
THE CONVENIENT FOILPACK.

Each Marlboro Snus Foilpack contains six snus pouches. The foilpack rides perfectly alongside your smokes. Just slip one in your pocket before you head out and you're good to go almost anywhere, anytime.

Redesigned Pack in early 2009 to fit “perfectly alongside your smokes” – to prevent smokers from quitting.



Altria's Newest Smokeless Product: VERVE



Announced in May 2012 and will be test-marketed in select Sheetz stores in Virginia.

VERVE discs are a new kind of tobacco product designed to appeal to adult smokers interested in innovative types of spit-free tobacco product alternatives to cigarettes.

Verve disc, which has some similarities with cough pill releases nicotine within about 15 minutes as a user chews it. Such a disc of cellulose fibers and a polymer do not dissolve, so user will have to throw it away. ***The new product will be sold in a packaging of 16 discs, each possessing approximately 1.5 milligrams of nicotine, which is less than majority smokeless products possess.***

Altria plans to start selling Verve brand in more than 50 stores in Virginia by June, the report stated, but it has not decided whether to spread the product nationally. This novelty will be available for nearly \$3 in stores in Virginia, and sold only to adult smokers. ***The tobacco giant is sure that such an approach will allow it to advertise the product with lower health warnings than those related to cigarettes.***

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RAI's new test products, only in North Carolina as of late 2012



"[Verve] was really designed for those adult smokers who are interested in smoke-free alternatives" to cigarettes, said David Sylvia, a spokesman for Henrico County-based Altria. "Our research shows that about 30 percent of adult smokers are interested in some sort of smokeless product."

However, many of those smokers are uncomfortable with traditional, loose-leaf chewing tobacco or snuff, so Altria and other companies are designing products aimed at wider acceptance.

"We are all aware of the clampdown on cigarette use and the decline (in consumption) that is going on in the country," said Jack Russo, a consumer staples analyst for Edward Jones & Co.

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Tju® chewing tobacco gum is a tobacco product alternative for adult cigarette smokers. It is sold in Denmark and is not permitted to be sold to persons under the age of 18.

Packaging contains the required warning in Danish: ***"This tobacco product can damage your health and is addictive."***

Label states "Not for children" in Danish and packaging is designed to make it difficult for children to open.

Manufactured in Vejle, Denmark by Okono A/S, an affiliate of Fertin Pharma A/S.

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Vuse in CO, E Cig Test Site, July 2, 2013 (RJR)



Growing Nicotine Vapor World



Classic Flavour **Bold**



£5.99

Full full strength taste experience

[VIEW DETAILS](#)

© 2013 RJR

Classic Flavour **Regular**



£6.99

Classic, mild strength taste experience

[VIEW DETAILS](#)

© 2013 RJR

Menthol **Regular**



£6.99

Refreshing, clean menthol taste

[VIEW DETAILS](#)

© 2013 RJR



OCIATION.

MJ Vaporizers – Targeting Different Populations



Black Cloud Hat



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Can You Tell?



E-Cig Business


“Greensboro-based cigarette maker [Lorillard Inc.](#) saw its net income rise to \$313 million on \$1.8 billion in sales, despite declines in cigarette sales volumes. Within the growing e-cigarette category, ***Lorillard's blu eCigs carved out a market share of more than 40 percent, with \$57 million in sales during the second quarter, up from \$8 million during the same period the year before.***”

Business Journal Greater Triad Area, July 25, 2013

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Messages – Attack Smoke-Free



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Fighting for Air

CALL 877-473-3676

SMOKE ANYTIME... (ALMOST) ANYWHERE

THE GREEN SMOKE® E-CIGARETTE TRULY IS A SOCIAL CIGARETTE.

I can blow smoke anywhere! I don't have to go to a designated area to do it. That's why it's so amazing!

Evan Foley
Green Smoke User

RESTAURANTS & CAFES **BARS & NIGHTCLUBS**
OFFICES **SHOPPING CENTERS AND MALLS**

SAVE \$1000's A YEAR WITH E-CIGS!

The secret is Green Smoke's FlavorMax™ cartomizers – designed to maximize flavor and provide exceptionally high smoke volume. In fact, each cartomizer is equivalent to 1.5 packs of regular cigarettes. So, when you smoke a pack of regular cigarettes (20 cigarettes), you can save \$1000's a year with e-cigs!

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Messages

- Freedom/independence to smoke and smoke anywhere
- Harm Reduction/Cessation
- Rebellious
- Smoker acceptance



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shaun says: June 21, 2013 at 11:55 am Big tobacco should stay out of the e CIG market. **People switch to e cigs for the health benefits and because they are tired of paying high CIG prives.** I can go to my local e cig store and get a great vapor king kit for \$50 and I only pay \$7 a week to refill my device. If big tobacco gets involved its going to cause the prices to go up and eventually it will be just as expensive if not more than cigs. I think big tobacco wants the price of e cigs to go up so people go back to smoking. - See more at: <http://vaperanks.com/r-j-reynolds-tobacco-company-launches-vuse-electronic-cigarette/#sthash.uiSqUaTa.dpuf>

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VUSE is not what they market to be

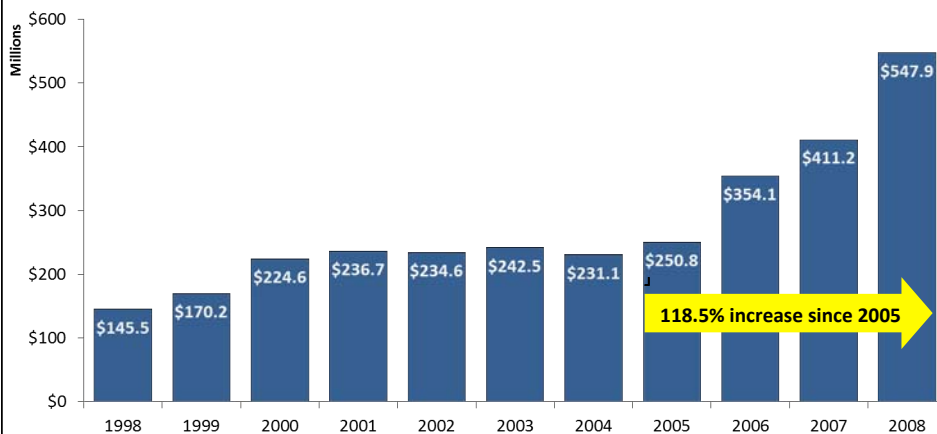
I live in CO & I was excited to try this. Costs only 11 dollars & refill cartridges are 6 dollars for two & it comes with a charger. The smoke you get from it is great, i loved the idea that it was rechargeable, but one BIG problem, after 3 days my VUSE cig stopped working. No lights, no smoke, nothing. I thought it was a fluke so i bought two more...& within 3 days the cig stopped working! & this last one i think there is something really wrong, **maybe even dangerous...it is releasing some type of toxic smell from the base of it (where u inhale) & i know its not the cartridge, its coming from the actual e cig.** I am pissed! I plan to write the company, & demand my money back. I loved it tho...which is why im pissed. Ddefinitely will not last you more than 3 days. Such a shame that such a good product doesnt live up to its promise to be rechargeable!

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Tobacco Marketing:
 Increased spending
 New magazine ads
 Point-of-Sale marketing
 Marketing in other venues

HOW INDUSTRY ACHIEVES THE GOAL

Cigarette marketing expenditures declined between 2005 and 2008, but **smokeless tobacco marketing expenditures more than doubled between 2005 and 2008.**



These data are based on the most recent official data available from the federal government. The most recent available marketing data for smokeless tobacco is for 2008 and comes from the FTC's Smokeless Tobacco Report for 2007 and 2008.



Now, every Skoal Long Cut® comes in the FreshSnap can...

WARNING:

THIS PRODUCT
MAY CAUSE
MOUTH CANCER

FreshSnap cans keep our premium 100% American tobacco so fresh, we guarantee it until the date stamped on the bottom.

NOT FOR SALE TO MINORS
18 & OVER

©2009 U.S. Smokeless Tobacco Co. or its affiliate.
©2009 U.S. Smokeless Tobacco Co.



NEW!

SKOAL

A PINCH BETTER.

VANILLA BLEND

...even our newest flavor.

NEW SKOAL VANILLA BLEND.
The rich taste of vanilla perfectly blended with premium, hand-selected tobacco for a new, long-lasting, ultra-smooth taste.

U.S. Smokeless TOBACCO CO.

Always
A PINCH BETTER.
TAKE ONE AND TAKE AWAY THE REST.



WARNING:
THIS PRODUCT MAY CAUSE GUM DISEASE AND TOOTH LOSS

front row-friendly.

**spitfree.
sold cold.**



camelsnus.com*

*PURCHASE RESTRICTED TO LEGAL AGE TOBACCO CONSUMERS



Rolling Stone, July 9-23, 2009

introducing
dissolvable tobacco

the best tobacco you never smoked

WARNING
THIS PRODUCT
MAY CAUSE
MOUTH CANCER

dissolvable
TOBACCO

Buy any
tobacco product and
get a FREE pack
of Camel Dissolvables

cameldissolvables.com*

*WEBSITE RESTRICTED TO LEGAL AGE TOBACCO CONSUMERS

Insert in *Indianapolis Star*, April 200

spitfree.
sold cold.
(now in mellow)

SNUS
mellow
15 POUCHES

snus is not dip
(not even close)

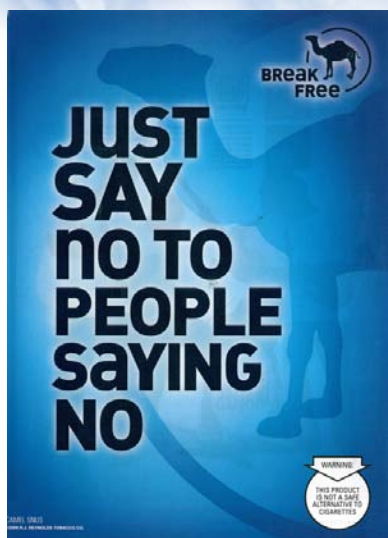
WARNING
THIS PRODUCT
IS NOT A SAFE
ALTERNATIVE TO
CIGARETTES

Get 1
FREE tin
of Camel SNUS

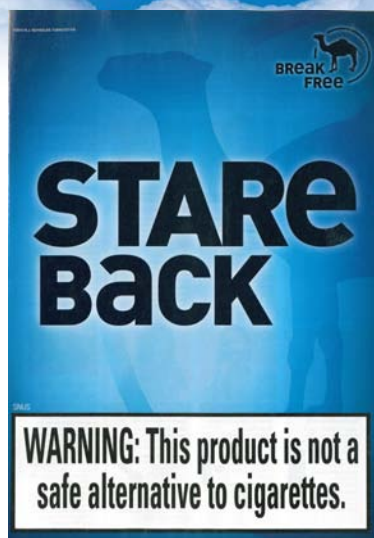
WHILE SUPPLIES LAST.
VOID WHERE PROHIBITED.
RETAILER YOU MUST PAY IN NORMAL RETAIL PRICE.
(EXCLUDING APPLICABLE SALES TAX)

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More recent Camel Snus ads promote defiance



Courtesy of trinketsandtrash.org



September 2010

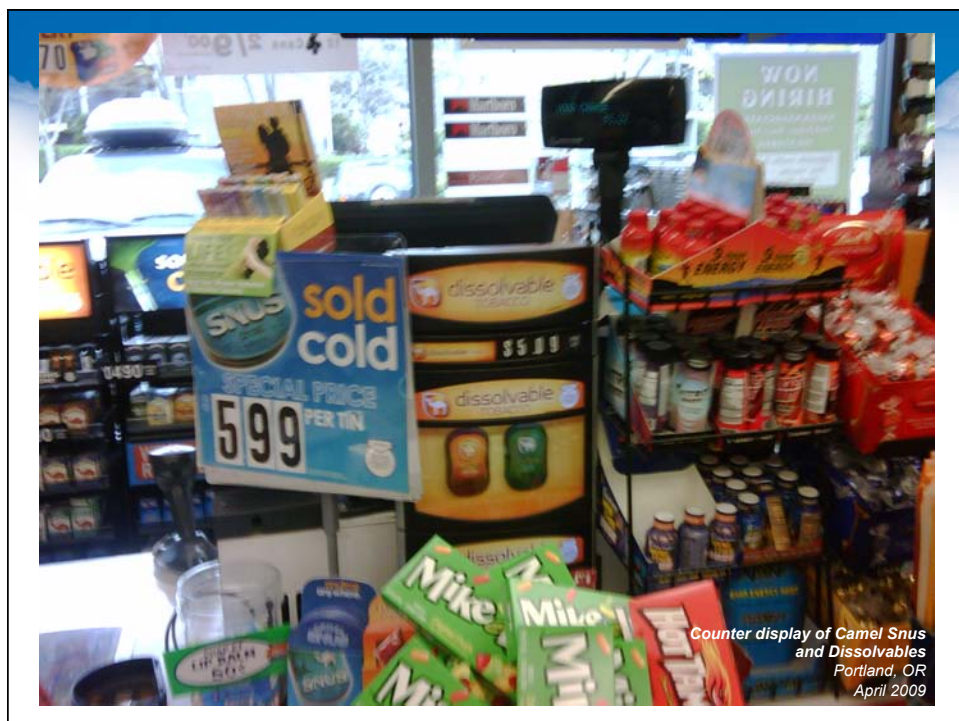
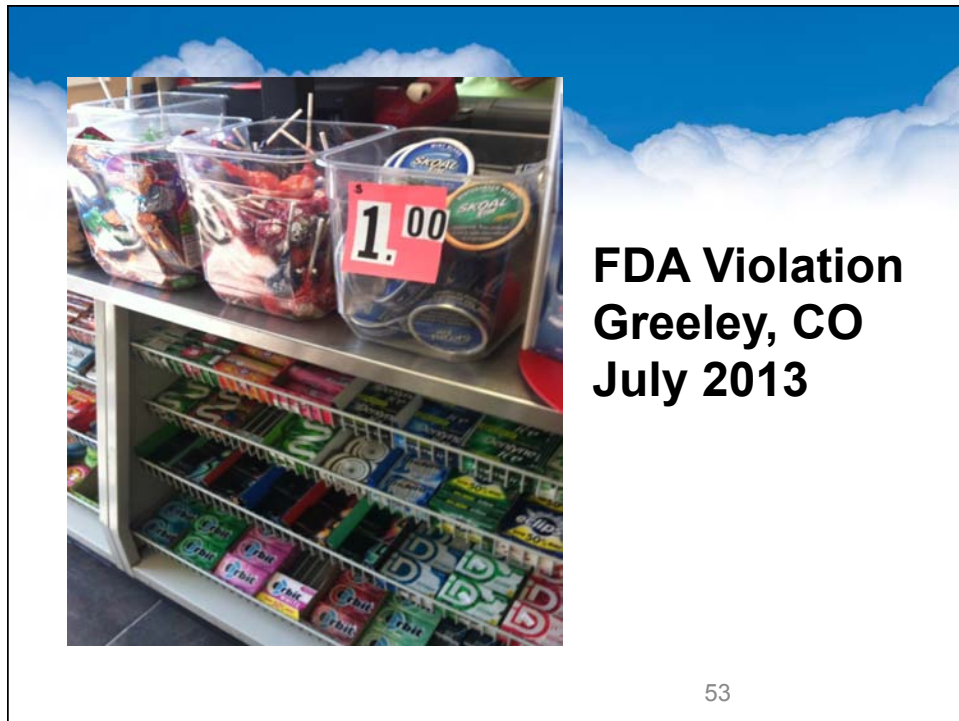
...and divert smokers from quitting

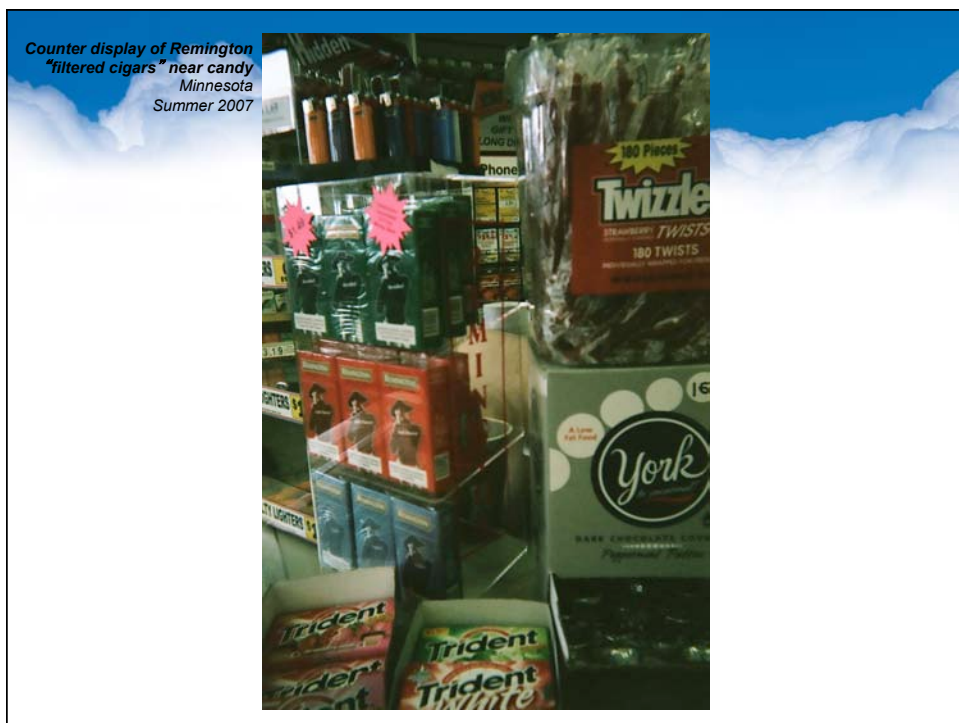


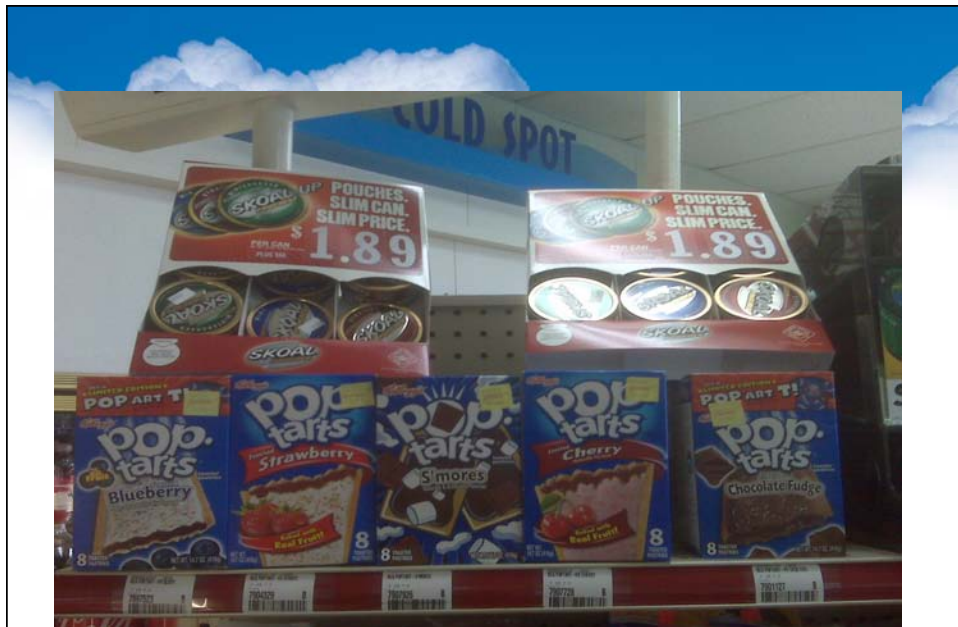
Courtesy of trinketsandtrash.org



December 2010

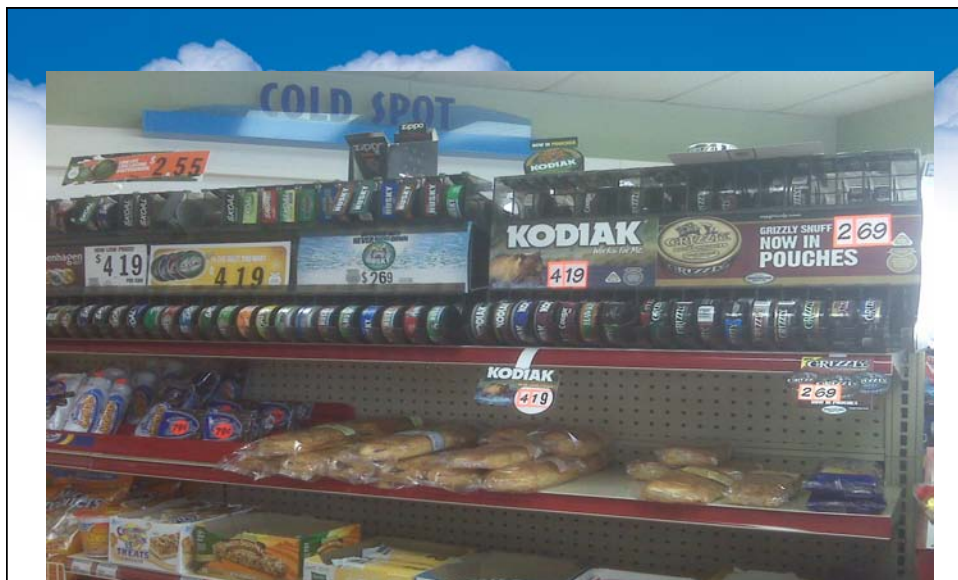






Alpena, MI, February 2012

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Alpena, MI February 2012

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Price Differences

HOW INDUSTRY ACHIEVES THE GOAL

Why Keep Prices Lower?

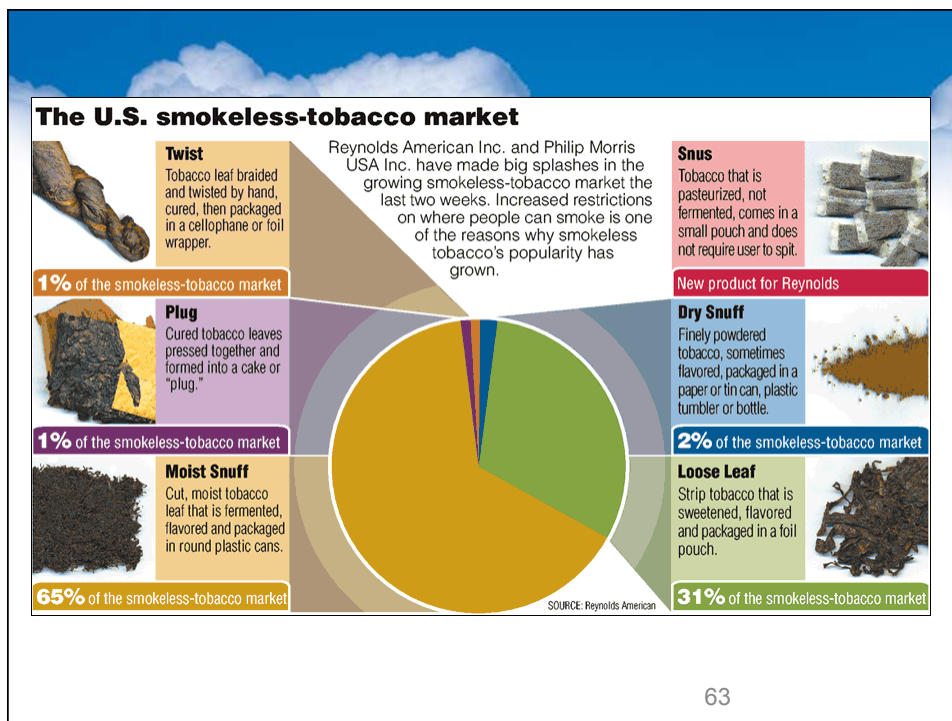
- Lower prices are more accessible, affordable, and appealing to youth
 - Draws them in to a lifetime of addiction
 - Can lead to smoking, the big money-maker for the tobacco industry
- Promotes dual use and hinders quit attempts
 - Smokers can buy fewer cigarettes by using other products sometimes
 - Why quit because cigarettes are more expensive when you can temporarily substitute with OTPs?

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Fighting for Air

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[Altria Group Inc](#) (NYSE:MO) has introduced a new product called Verve – a chewable, spit-free, oral product that contains nicotine but no tobacco – in select markets in the U.S. ^[1] ***The company has upped its focus on smokeless products in recent years as they offer considerable growth potential and attract lower excise taxes than cigarettes.*** Separately, in some good news for the company, Altria has won the case involving Marlboro Lights in Minnesota.

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What Can States & Localities Do?

The FDA Law Doesn't Change Each State's Right To...

- Implement & enforce smoke-free laws
- Fully fund tobacco control programs
- Provide coverage for cessation services
- Increase tobacco taxes
- Take action to restrict the sale & distribution of tobacco
- Licensing restrictions

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Summary

- The tobacco industry has changed – and so have its tactics
- Many new products are being introduced
- The FDA law has made a big difference in how tobacco companies market to youth – but we need to be vigilant and keep them from trying to get around the law
- States can do a lot of things on their own

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Resources...who to report to?

- www.countertobacco.org
- www.storealert.org
- www.trinketsandtrash.org
- Can attach photos: CTPcompliance@fda.hhs.org
- Flavored Smokeless & Cigars:
tobacco2@fda.hhs.org
- Also, can contact us, TFK...(RAD map), for in-state contacts re: test markets)